

## KLEIN CANDY PRIVATE LABEL PROJECTIONS

### CURRENT BUSINESS:

- Klein Candy is primary supplier to 481 accounts.
- Klein Candy is secondary supplier to 107 accounts
- Klein Candy is primary supplier to 225 convenience stores and 39 CTS locations.
- Klein projects shipments of 264,210 cases for 1997
- Klein projects to ship 35,317 cases of RJR product.
- Klein projects to ship apx. 700,000 cartons of Private Stock in 1997.

### KLEIN KEY CUSTOMER PROFILE:

#### ORLOSKI'S-

- 36 location convenience store chain.
- avg. store volume 305 cpw
- carries and displays Private Stock
- recent RJR partner
- projected to ship apx 80,000 cartons of Private Stock in 1997
- PL/BW is 18.68% of ORLOSKI'S cigarette category

#### CR FREINDLY MARKETS-

- 68 location convenience store chain
- avg. store volume 170 cpw
- carries and displays Private Stock
- is an RJR partner account
- projected to ship apx. 75,000 cartons of Private Stock in 1997
- PL/BW is 13.94% of this chains current business

### SUBJOBBER:

- Klein currently ships to multiple subjobbers in Pennsylvania and the New York metro market area.
- the largest subjobber that Klein ships is Vikisha. Klein ships Vikisha apx 12,000 cases annually. Vikisha is the major supplier to other multiple subjobbers in the New York metro market place.
- 39% of KLEIN'S business is shipped into the NY metro market.

### PROJECTED BUSINESS TRENDS:

- Klein Candy is in a growth mode. Their primary focus is to gain more accounts and to grow their business.
- Klein is currently in negotiations with 2 direct accounts (who each ship apx. 52,000 cases annually) to Purchase their operations.
- Klein currently stamps in 4 states and is licensed to stamp in 7 more.
- Klein is currently in negotiations with 3 large chains to solicit their business.
- Klein candy is in partnership in a chain of CTS locations called Smokers Paradise. Smoker's Paradise( CN ID 3441-00-00) has 6 locations currently and will have 45 locations within the span of two years. Klein has committed an RJR PL/BW brand to be that chains E.D.L.P. Brand if they acquire one.

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- Klein has projected a 15% to 25% business increase in the coming year based on their current rate of growth.

#### **CUSTOMER'S ACCEPTANCE AND COMMITMENT TO A RJR PL/BW BRAND:**

- Klein has fully committed to accepting and aggressively marketing a PL/BW RJR brand in all their marketing areas.
- Klein has agreed to pass along all moneys associated with an RJR PL/BW brand, for a period of up to 2 years, in an effort to successfully introduce it.
- 39% of all Klein's business is done in the northeast P.A. area. Currently, RJR field-sales in that area does not have access to an RJR PL/BW brand by any distributor that services that area. RJR field sales have not been able to truly bundle our resources and fully utilize the accrual program because of the lack of third tier representation. Klein candy is a true partner and fully understands the benefit of RJR partner accounts having an RJR third tier brand. Klein has committed to *target market* these accounts with any RJR brand that they would receive.
- Klein has agreed to aggressively market an RJR PL/BW brand in the New York metro area. Although currently very little third tier business is conducted in that marketing area, with looming price increases on the horizon, PL/BW business may become a viable segment of the business.

#### **RJR PRIVATE LABEL/ BLACK & WHITE VOLUME PROJECTION.**

<b>155,000 cartons</b>	RJR sells KLEIN'S 2 key customer (ORLOSKI & CR Friendly) RJR PL brand
<b>501,400 cartons</b>	gradual shift of 80% of private stock business to RJR PL (Assumes a +15% rate of growth in KLEIN business)
<b>123, 650 cartons</b>	2% of KLEIN'S New York metro business shifts to RJR PL brand

**780,050 cartons of RJR PL/BW projected vol.**

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